

Attorneys for Plaintiff R. WAYNE KLEIN, the
Court-Appointed Receiver of Trigon Group, Inc.
and for the assets of Daren L. Palmer

R. WAYNE KLEIN, the Court-Appointed Receiver of Trigon Group, Inc. and for the assets of Daren L. Palmer.

VS.

Defendants.

COMPLAINT TO AVOID
FRAUDULENT TRANSFERS, FOR
CONSTRUCTIVE TRUST AND OTHER
PROVISIONAL REMEDIES AND FOR
DAMAGES

Group, Inc. (“Trigon”) and all of the assets of Daren L. Palmer (the “Receivership Entities” and/or “Palmer”), by and through his undersigned counsel, for his Complaint states and alleges as follows:

44549.0001.1664180.3

NATURE OF THE PROCEEDING

1. On February 26, 2009, the Securities and Exchange Commission (the "SEC") filed a Complaint against Trigon and Palmer in United States District Court for the District of Idaho ("District Court"), Case No. Civ. No. 09-075-S-EJL ("SEC Action") and the Commodity Futures Trading Commission (the "CFTC") filed a Complaint against Trigon and Palmer in the District Court, Case No. Civ. No. 09-075-S-EJL ("CFTC Action"). These suits allege, among other things, that Trigon and Palmer operated an investment program in violation of the registration, licensing and anti-fraud requirements of federal securities and commodities laws. In essence, the SEC and the CFTC allege that Trigon and Palmer engaged in a Ponzi scheme whereby millions of dollars were fraudulently taken from investors.

2. On February 26, 2009, the Receiver was appointed by the District Court to act as receiver in connection with the SEC Action and the CFTC Action.

3. Since at least 1997, Palmer and Trigon operated a classic Ponzi scheme by using funds obtained from investors through violations of the securities laws and/or commodity laws and using the funds from new investors to pay bogus returns to earlier investors. Palmer and Trigon recruited investors through material misrepresentations and omissions. By engaging in this conduct, Palmer and Trigon violated the securities registration, antifraud, and broker-dealer registration provisions of the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act") and violated the anti-fraud provisions of the Commodity Exchange Act ("CEA") and the requirement under the CEA to register as a commodity pool operator.

4. This action is brought by the Receiver as part of his continuing duty to recapture and return funds invested in Trigon that were diverted by Trigon and Palmer in the course of

their massive Ponzi scheme and to avoid fraudulent transfers, for constructive trust and other provisional remedies and for damages.

THE PARTIES

5. Defendant Dean Palmer and Defendant LuDean Palmer, husband and wife, are residents of the State of Idaho and are the parents of Palmer. During the period commencing with Trigon's original incorporation in approximately 1997, Defendant Dean Palmer has been an officer, director and shareholder of Trigon. During all relevant times, Defendant Dean Palmer and Defendant LuDean Palmer were the owners of Tri-Steel Construction Company, Inc., an Idaho corporation ("Tri-Steel").

JURISDICTION AND VENUE

6. This Court has jurisdiction over the subject matter of this lawsuit because this lawsuit is ancillary to the SEC Action and the CFTC Action and the appointment of the Receiver by this Court.

7. Venue is proper in this Court under 28 U.S.C. § 1391.

THE RECEIVER AND STANDING

8. On February 26, 2009, the District Court entered an Order Appointing a Receiver and Staying Litigation pursuant to which the Receiver was appointed as receiver of Trigon, together with any and all subsidiaries and affiliated entities, including but not limited to Palmer Trading & Investments LLC; Blackrock Limited, LLC; Pinnacle Company LLC; and Canterbury Court Properties, LLC (collectively, the "Companies"). Pursuant to that Order, the Receiver was to take control of the Companies' funds, assets and property wherever situated, and is fully authorized to pursue this action against the Defendants.

9. On February 26, 2009, the District Court entered an Order in the CFTC Action appointing the Receiver as temporary receiver for all of the assets of Palmer and Trigon and the

assets of their affiliates and subsidiaries with the full power of an equity receiver. Pursuant to that Order, the Receiver was to assume full custody, control, and possession of all the funds, property, mail and other assets of, in the possession of, or under the control of the Defendants and the Companies and is fully authorized to pursue this action against the Defendants.

THE FRAUDULENT PONZI SCHEME

10. Trigon was a Nevada corporation headquartered in Idaho Falls, Idaho. Trigon claimed to be an investment business that specialized in helping clients generate high annual returns of approximately 20% to 25% per year.

11. Daren L. Palmer is an Idaho resident, who at all relevant times, was living in Idaho Falls, Idaho.

12. Trigon never registered any offering of its securities under the Securities Act or the Exchange Act.

13. Neither Trigon nor Palmer has ever been registered with the Securities and Exchange Commission ("SEC") in any capacity and neither of them has ever been licensed to sell securities.

14. Beginning in 1997 and continuing through at least October 2008, Trigon and Palmer sold securities in the form of promissory notes and investment contracts to over 55 investors in unregistered, non-exempt transactions amounting to over \$60 million. More particularly, Trigon and Palmer violated: (i) Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1) by employment of a device, scheme or artifice to defraud; (ii) Section 17(a)(2) and (c) of the Securities Act, 15 U.S.C. § 77q(a)(2) by committing fraud in the offer and sale of securities; (iii) Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5 by committing fraud in connection with the purchase and sale of securities; (iv) Section 5(a) and (c) of the Securities Act, 15 U.S.C. § 77(a) and (c) by offering

the sale of unregistered securities; and (v) Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a) by offering and selling securities by an unregistered broker or dealer.

15. Beginning in 1997 and continuing through at least October 2008, Palmer engaged in acts and practices in violation of the Commodity Exchange Act. In particular, Palmer violated the anti-fraud provisions of Sections 4b(a)(2) and 4o(1) of the Commodity Exchange Act, 7 U.S.C. §§ 6(b)(a)(2) and 6o(1) (2006), and Section 4b(a)(1) of the CEA as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act, § 13102, 122 Stat. 1651 (effective June 18, 2008) to be codified at 7 U.S.C. § 6(b)(a)(1). Palmer also acted as a commodity pool operator of a commodity pool without being registered as such in violation of Section 4m(l) of the CEA, 7 U.S.C. § 6m(l) (2006).

16. At all relevant times, Palmer was an agent of Trigon and acted within the scope of his employment. As a result, Trigon is liable for Palmer's conduct pursuant to Section 2(a)(1)(B) of the CEA, 7 U.S.C. § 2(a)(1)(B).

17. Palmer marketed himself and Trigon by representing that he used a complex trading strategy through which he invested in indexes, S&P 500 options or futures, currency futures, and stocks in a way that generated consistent annual returns of 20% or better.

18. Palmer touted his reputation in the Idaho Falls community as an honest family man with a long record of producing high returns for investors. Palmer told some investors that he had been generating annual returns of 20% or greater for more than 12 years.

19. Palmer described his trading program as difficult to understand but one that operated like a hedge fund. Palmer explained that the investor's principal would be combined with those of other investors and traded as a single fund.

20. Palmer told some investors that he was licensed to sell securities when in fact he was never registered or licensed to do so.

21. Palmer guaranteed high returns using his strategy, regardless of market conditions, with no risk to investors' principal investments.

22. Palmer evidenced most of the investment monies he received with promissory notes that he signed as either an individual or as President of Trigon.

23. Palmer also entered into verbal investment contracts, which promised payments of 20% returns or greater.

24. Palmer told investors that he would retain a portion of the generated profits but actually paid himself a set amount of \$25,000 to \$35,000 per month.

25. Approximately \$6.8 million was deposited into trading accounts, representing only 10.07% of the total amount Palmer and Trigon received from investors. However, Palmer often withdrew portions of the amounts deposited with no trading ever taking place and the amounts withdrawn by Trigon from such trading activity exceeded the amounts obtained from trading activity.

26. Of the investor money deposited in Trigon accounts, Palmer spent more than \$6 million on his personal home expenses and construction costs.

27. Palmer also spent over \$6 million paying himself a salary and paying for personal expenses including credit cards, art, jewelry, vehicles, trailers, snowmobiles and for community donations. Palmer also used investor monies to charter private airplanes and for business expenses.

28. Despite attempts to maintain an image of success to attract additional investors, on December 15, 2008, Palmer told a group of concerned Idaho Falls investors that, through his trading program, he had lost virtually all of the invested funds.

29. In or around January of 2009, Palmer admitted to investors that he had extinguished all funds and had been running a Ponzi scheme for many years.

30. Although Palmer provided investors with statements showing trading profits, the payments made to investors actually came from the principal investments of later investors.

31. Later investors were not informed that Palmer would use their principal investment to pay returns to earlier investors and no investors were told Palmer would use their principal investments to make payments to himself or for real estate purchases and construction.

32. Palmer has admitted to using investor funds to pay his salary, personal credit cards and for the payment of his personal residence construction costs and to purchase snowmobiles.

33. Although Palmer collected at least \$68 million in investor funds, he used only a fraction of those amounts for trading purposes and used the vast majority to pay personal expenses and to pay phony returns to earlier investors.

34. Participants in the investment program invested over \$68 million with Palmer, more than \$46 million of which was used to pay phony returns.

35. The Ponzi scheme operated by Trigon and Palmer was conducted by Trigon and Palmer with the actual intent to defraud numerous investors.

AMOUNTS RECEIVED BY DEFENDANTS

36. During the period from June of 2005 through July of 2008, Defendants Dean Palmer and LuDean Palmer received payments from Trigon in the sum of \$405,000. In particular, Defendants Dean Palmer and LuDean Palmer received payments from Trigon as follows:

- a. On June 15, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1869.
- b. On July 13, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1884.

- c. On August 12, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1910.
- d. On September 14, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1923.
- e. On October 12, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1939.
- f. On November 14, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1949.
- g. On December 13, 2005, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1965.
- h. On January 12, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1987.
- i. On February 13, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2001.
- j. On March 13, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2013.
- k. On April 11, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2026.
- l. On May 12, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2042.
- m. On June 14, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2052.
- n. On July 10, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2058.

- o. On August 14, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2074.
- p. On September 15, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2086.
- q. On October 12, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2110.
- r. On November 15, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2121.
- s. On December 14, 2006, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2137.
- t. On January 16, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2164.
- u. On February 11, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2181.
- v. On March 15, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2198.
- w. On April 16, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2211.
- x. On May 14, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2239.
- y. On June 12, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2253.
- z. On July 6, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2266.

- aa. On August 13, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2300.
- bb. On September 12, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2315.
- cc. On October 17, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2337.
- dd. On November 5, 2007, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2353.
- ee. On December 12, 2007, a payment in the amount of \$25,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2379.
- ff. On January 15, 2008, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2414.
- gg. On February 12, 2008, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2435.
- hh. On March 11, 2008, a payment in the amount of \$15,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2449.
- ii. On April 14, 2008, a payment in the amount of \$15,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2471.
- jj. On May 15, 2008, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2490.
- kk. On June 13, 2008, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2508.
- ll. On July 25, 2008, a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2521.

37. During the period from May of 2002 through April of 2008, Defendant Tri-Steel Construction received payments from Trigon in the sum of \$1,543,629.90. In particular, Defendants Tri-Steel Construction received payments from Trigon as follows:

- a. On May 3, 2002 , a payment in the amount of \$10,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1277.
- b. On July 12, 2002 , a payment in the amount of \$21,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1286.
- c. On February 3, 2003, a payment in the amount of \$25,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1367.
- d. On February 7, 2003, a payment in the amount of \$100,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1371.
- e. On March 25, 2003, a payment in the amount of \$50,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1390.
- f. On May 8, 2003, a payment in the amount of \$75,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1423.
- g. On August 7, 2003, a payment in the amount of \$70,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1469.
- h. On September 19, 2003, a payment in the amount of \$50,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1485.
- i. On October 27, 2003, a payment in the amount of \$150,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1510.
- j. On December 9, 2003, a payment in the amount of \$30,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1532.

- k. On December 19, 2003, a payment in the amount of \$20,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1537.
- l. On February 23, 2004, a payment in the amount of \$5,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1578.
- m. On August 5, 2004, a payment in the amount of \$50,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1694.
- n. On October 15, 2004, a payment in the amount of \$25,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1741.
- o. On July 22, 2005, a payment in the amount of \$225,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1896.
- p. On August 17, 2005, a payment in the amount of \$85,000 made by Trigon pursuant to a counter-debit transaction.
- q. On November 22, 2005, a payment in the amount of \$20,000 by a check drawn on the account of Trigon at Bank of America as Check No. 1955.
- r. On November 7, 2006, a payment in the amount of \$100,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2118.
- s. On December 14, 2006, a payment in the amount of \$100,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2138.
- t. On January 5, 2007, a payment in the amount of \$50,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2148.
- u. On February 12, 2007, a payment in the amount of \$28,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2182.
- v. On February 15, 2007, a payment in the amount of \$50,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2184.

- w. On April 27, 2007, a payment in the amount of \$100,000 by a check drawn on the account of Trigon at Bank of America as Check No. 2222.
- x. On July 6, 2007, a payment in the amount of \$57,876.39 by a check drawn on the account of Trigon at Bank of America as Check No. 2265.
- y. On December 21, 2007, a payment in the amount of \$34,650.00 by a check drawn on the account of Trigon at Bank of America as Check No. 2391.
- z. On April 2, 2008, a payment in the amount of \$12,103.51 by a check drawn on the account of Trigon at Bank of America as Check No. 2455.

38. The monies paid to Defendant Tri-Steel Construction were transferred to Defendants Dean Palmer and LuDean Palmer with actual knowledge that those amounts had been obtained from Trigon.

39. In addition to the payments described above, the Receiver alleges, based on knowledge and belief, that Defendants received other amounts in excess of those amounts described above.

FIRST CLAIM FOR RELIEF
**(For Avoidance and Recovery of Fraudulent Transfers
Against Defendants Dean Palmer and Ludean Palmer)**

40. The Receiver restates and incorporates by this reference paragraphs 1 through 39 above, as though set forth herein in full.

41. The payments made by Trigon to Dean Palmer and LuDean Palmer during the period from June of 2005 through July of 2008, which are more particularly described in Paragraph 36 above, were made by Trigon with actual intent to hinder, delay or defraud its investors. These investors mostly consist of innocent investors who gave money to Trigon and Palmer believing the money was being invested profitably on their behalf. Those transfers were

made without receiving reasonably equivalent value in exchange, when Trigon was either insolvent or had become insolvent are a result of such transfers.

42. The payments made by Trigon to Defendants Dean Palmer and LuDean Palmer are avoidable by the Receiver under applicable law, including Idaho Code §§ 55-913, 55-914 and 55-916.

43. The Receiver is entitled to damages from Defendants Dean Palmer and LuDean Palmer in the sum of not less than \$405,000, with interest as provided by Idaho law from the date of each payment, plus any additional amounts proven at the trial of this case.

SECOND CLAIM FOR RELIEF
(For Constructive Trust and Other Provisional Remedies
Against Defendants Dean Palmer and LuDean Palmer)

44. The Receiver restates and incorporates by this reference paragraphs 1 through 43 above, as though set forth herein in full.

45. By reason of the facts set forth above, Defendants Dean Palmer and LuDean Palmer were the recipients of monies wrongfully and fraudulently obtained by Trigon and Palmer thereby diminishing the amounts available to pay the creditors of Trigon and Palmer.

46. Defendants Dean Palmer and LuDean Palmer have been unjustly enriched as a result of the wrongful and fraudulent acts to the detriment of the creditors of Trigon and Palmer.

47. Accordingly, in equity, a constructive trust should be impressed upon the assets acquired by Defendants Dean Palmer and LuDean Palmer with the monies transferred to them by Trigon and Palmer.

48. The Receiver is also entitled to one or more of the additional remedies provided for pursuant to Idaho § 55-916 (b) and (c).

THIRD CLAIM FOR RELIEF
**(For Avoidance and Recovery of Fraudulent Transfers
Against Defendant Tri-Steel Construction)**

49. The Receiver restates and incorporates by this reference paragraphs 1 through 48 above, as though set forth herein in full.

50. The payments made by Trigon to Tri-Steel Construction, Dean Palmer and LuDean Palmer during the period from May of 2002 through April of 2008, which are more particularly described in Paragraph 37 above, were made by Trigon with actual intent to hinder, delay or defraud its creditors. Those transfers were made without receiving reasonably equivalent value in exchange, when Trigon was either insolvent or had become insolvent as a result of such transfers.

51. The payments made by Trigon to Defendant Tri-Steel Construction are avoidable by the Receiver under applicable law, including Idaho Code §§ 55-913, 55-914 and 55-916.

52. The Receiver is entitled to damages from Defendant Tri-Steel Construction in the sum of not less than \$1,543,629.90, with interest as provided by Idaho law from the date of each payment, plus any additional amounts proven at the trial of this case.

FOURTH CLAIM FOR RELIEF
**(For Constructive Trust and Other Provisional Remedies
Against Defendant Tri-Steel Construction)**

53. The Receiver restates and incorporates by this reference paragraphs 1 through 52 above, as though set forth herein in full.

54. By reason of the facts set forth above, Defendant Tri-Steel Construction was the recipient of monies wrongfully and fraudulently obtained by Trigon and Palmer thereby diminishing the amounts available to pay the creditors of Trigon and Palmer.

55. Defendant Tri-Steel Construction has been unjustly enriched as a result of the wrongful and fraudulent acts to the detriment of the creditors of Trigon and Palmer.

56. Accordingly, in equity, a constructive trust should be impressed upon the assets acquired by Defendant Tri-Steel Construction with the monies transferred to it by Trigon and Palmer.

57. The Receiver is also entitled to one or more of the additional remedies provided for pursuant to Idaho § 55-916 (b) and (c).

FIFTH CLAIM FOR RELIEF

(For Monies Transferred by Tri-Steel Construction to Dean Palmer and LuDean Palmer Against Defendants Dean Palmer and LuDean Palmer)

58. The Receiver restates and incorporates by this reference paragraphs 1 through 57 above, as though set forth herein in full.

59. During all times relevant to this action, Defendants Dean Palmer and LuDean Palmer were the shareholders, officers, directors and otherwise in complete control of Defendant Tri-Steel Construction.

60. The monies paid by Trigon to Tri-Steel Construction, which are more particularly described in Paragraph 37 above, were transferred to Dean Palmer and LuDean Palmer or otherwise used for their personal benefit.

61. The transfers of the monies by Tri-Steel Construction to Dean Palmer and LuDean Palmer were made without receiving reasonable equivalent value from them.

62. In the event Tri-Steel Construction is unable to pay the amounts claimed by the Receiver in the Third Claim for Relief above, such inability to pay those amounts will have rendered Tri-Steel Construction insolvent, as a result of which, the monies received from Tri-Steel Construction by Dean Palmer and LuDean Palmer are held in constructive trust and should be paid to the Receiver.

SIXTH CLAIM FOR RELIEF

(Liability of Dean Palmer Pursuant To Idaho Code Section 30-14-509)

63. The Receiver restates and incorporates by this reference paragraphs 1 through 62 above, as though set forth herein in full.

64. Under Idaho Code §30-14-509(b), a seller of securities is liable to the purchaser if the seller sells the security by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading, provided that the purchaser did not know of the untruth or omission and that the seller fails to prove the seller did not know and, in the exercise of reasonable care, could not have known of the untruth or omission.

65. Under Idaho Code § 30-14-102(28), the investments used in furtherance of the Ponzi scheme that were sold by Trigon and Palmer were “securities.”

66. Trigon and Palmer sold the investments by means of material untrue statements and omissions regarding the nature of the investment and how the funds invested would be used.

67. At all relevant times, Defendant Dean Palmer was an officer or director of Trigon and, as a result, was a person that directly or indirectly controlled Trigon.

68. Defendant Dean Palmer either knew or in the exercise of reasonable care should have known of the conduct of Trigon regarding the Ponzi scheme.

69. The damages sustained by the investors in Trigon are in excess of \$25 million and, as a result, Trigon is liable to the investors in the amount of such losses.

70. As a result of the above, Defendant Dean Palmer is liable, jointly and severally with Trigon and Palmer for the damages caused to investors as a result of the operation of the Ponzi scheme pursuant to Idaho Code § 30-14-509(g).

PRAYER FOR RELIEF

WHEREFORE, the Receiver prays for judgment against Defendants as follows:

1. For judgment against Defendants Dean Palmer and LuDean Palmer for an amount equal to all payments received by them from Trigon or Palmer, which total in excess of \$405,000, plus interest on each payment at the rate of 12% per annum pursuant to Idaho Code §28-22-104(1) from the date of such payment until judgment is entered.

2. For judgment against Defendant Tri-Steel Construction for an amount equal to all payments received by it from Trigon or Palmer, which total in excess of \$1,543,629.90, plus interest on each payment at the rate of 12% per annum pursuant to Idaho Code §28-22-104(1) from the date of such payment until judgment is entered.

3. For judgment against Defendants Dean Palmer and LuDean Palmer for all amounts received by them from Defendant Tri-Steel Construction that were directly or indirectly derived from payments received by Defendant Tri-Steel Construction from Trigon and Palmer, which the Receiver alleges on information and belief exceeds the amount of \$1,543,629.90, plus interest on each payment at the rate of 12% per annum pursuant to Idaho Code §28-22-104(1) from the date of such payment until judgment is entered.

4. A judgment imposing a constructive trust in favor of the Receiver over all monies and assets obtained with those monies that Defendants Dean Palmer and LuDean Palmer received from Trigon or Palmer.

5. A judgment imposing a constructive trust in favor of the Receiver over all monies and assets obtained with those monies that Defendant Tri-Steel Construction received from Trigon or Palmer.

6. A judgment imposing a constructive trust in favor of the Receiver over all monies and assets obtained with those monies that Defendant Tri-Steel Construction transferred to

Defendants Dean Palmer and LuDean Palmer that were directly or indirectly derived from amounts received from Trigon or Palmer.

7. For damages against Defendant Dean Palmer in an amount in excess of \$25 million for losses sustained by innocent investors as a result of the operation of the Ponzi scheme by Trigon.

8 For post judgment interest as allowed by Idaho law.

9. For costs of suit, including reasonable attorney fees.

10. For such other and further relief as the Court may deem just and proper.

DATED THIS 29th day of September, 2009.

HAWLEY TROXELL ENNIS & HAWLEY LLP

By /s/ John F. Kurtz, Jr.
John F. Kurtz, Jr.
Attorneys for Plaintiff R. WAYNE KLEIN, the
Court-Appointed Receiver of Trigon Group,
Inc. and for the assets of Daren L. Palmer